Caracara Silver Inc.

Interim MD&A -

Quarterly Highlights

Three months ended September 30, 2015

November 26, 2015

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This interim management discussion and analysis - quarterly highlights ("Interim MD&A") has been prepared based on information available to Caracara Silver Inc. ("Caracara" or the "Company") as at November 26, 2015. This Interim MD&A updates disclosure previously provided in the Company's Annual MD&A, up to the date of this Interim MD&A and should be read in conjunction with the Company's unaudited interim consolidated financial statements and the related notes as at and for the three months ended September 30, 2015 and 2014, the Company's audited consolidated financial statements for the years ended June 30, 2015 and 2014 (the "Financial Statements"), and the Company's Annual MD&A for the year ended June 30, 2015. The Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this Interim MD&A has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company may be found under its profile on SEDAR at www.sedar.com or on its website at www.caracarasilver.com.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

As the Company is a Venture Issuer (as defined under under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109.

CAUTIONARY NOTE

This document may contain or may refer to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law. See the section entitled ***Risks and uncertainties***.

Financial condition and performance

Financial condition

During the quarter ended September 30, 2015, the Company's net assets decreased by $17,273, the result of an increase in assets of $18,006 offset by increased liabilities of $35,279.

The Company's cash balance increased by $17,860, as a result of a loan financing that raised gross (and net) proceeds of $60,000, less funds used for operating activities of $17,273 and pay-down of outstanding accounts payable of $ 24,867.

Pursuant to the loan financing, the Company issued a promissory note (the "Note") bearing interest at 12% per annum. Principal plus accrued and unpaid interest is due and payable, in full, upon the completion of any private placement completed by the Company. The proceeds of the Note were used by the Company to bolster its working capital position and pay down its existing outstanding accounts payable balance.

Performance

The Company's operations are not generally subject to seasonal variations. The timing of exploration activities is influenced primarily by the availability of funds and the identification of suitable exploration targets, however, due to either their location or nature the exploration of some properties may be restricted during certain times of the year due to climatic conditions.

Due to its cash position, the Company continues with its austerity measures to preserve its financial position. Operating expenditures for the quarter have been limited to the minimum amount necessary to maintain its projects in good standing and meet all of its reporting and disclosure requirements. Loss for the period totalled $17,273 and were the result of direct project expenditures totalling $3,533 together with general and administrative expenditures totalling $13,740. The loss is a decrease from the comparative period of approximately $182,000, a direct reflection of the austerity measures put in place by the Company.

Commitments, liquidity and capital resources

The Company does not currently have any project commitments nor space-rental commitments. Its head office and administration is provided by RG Management Services Inc. ("RGMS") as disclosed in its Annual MD&A (see "Related-party transaction and balances" section of this Interim MD&A).

As at September 30, 2015, the Company had cash balances totalling $27,135 and a working capital deficiency of $55,150. However, the Note has been included in the Company' current liabilities but has a maturity date that coincides with the Company's next financing. If this amount is excluded, the Company has a working capital position of approximately $5,000, and will continually monitor its cash position until a further financing is completed.

Related-party transactions and balances

During the quarter, the Company incurred the management fees payable to RGMS in the amount of $5,000.

As at September 30, 2015, the accounts payable and accrued liabilities balance included amounts due to RGMS and the Company's directors equal to $10,000.